

The Federal Budget Process

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MANY MEDICAL PEOPLE in administrative positions consider budgets and the budget process a form of mystic symbolism and ritual, with its own priesthood called budget officers. Many laymen react the same way to the medical profession. From a layman's viewpoint, the doctor asks some questions, grunts a couple of times, putters around with the patient, sometimes using awesome gadgets, and pontificates a diagnosis. In both situations, lack of understanding of the purposes and specific processes creates uncertainties and possibly fear.

It is hoped that this report on the budget process, by describing the process and the logic behind it, will dispel some of the mysticism.

Budgeting is closely related to financial planning and management, although the term may properly be used in a more general sense of planning. All of us, consciously or unconsciously, do a great deal of budgeting. For example, a family's standard of living is budgeted against its financial resources. The corner storekeeper, formally or informally, budgets his cash outgo to coincide with his estimate of cash income. Larger organizations use similar but more sophisticated techniques to arrive at the same result.

By their very nature, public health activities are financed almost entirely by governmental bodies (Federal, State, county, municipal, and other political subdivisions). Administrators,

or prospective administrators of public health programs, find that budgeting plays an increasingly important role in their professional careers.

There are about 100,000 units of government in the United States (1), including the United States itself, States, counties, incorporated places, towns and townships, and school districts. Many of them have slightly different forms of government. Since budgetary management is intimately related to the political division of authority between the executive and the legislature, in accordance with charters and precedents, the budgetary processes of the various units differ, and no one system can completely fit them all. However, although terminology and the names of the various executive and legislative groups which have roles in budgetary management may differ, certain basic budgetary processes are used by the majority of these units.

The large and varied financial programs of the U.S. Government affect all citizens. Because of the intense interest in Federal programs by many individuals and groups, this report will use the terminology and procedures of the U.S. Government as an example. Because of its vast size and scope, however, this process may be more complex than that of other units of government.

Definition of a Budget

In a nongovernmental organization, a budget is defined as a financial plan of program operation for a specific period of time, expressing the use of men, other services, and matériel in a common denominator: money. In governmental bodies, it means the same thing with the

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additional provision that when a budget is formally approved, certain controlling factors of it become law, and the law is the controlling instrument over financial operations of that governmental body.

The budget is a means of orderly financing which is necessitated by the huge financial programs of modern governments. "In democratic governments it permits the people, through their representatives, to retain control of public finance" (2).

The budget document is essentially an estimate of future governmental income, expenditures, and fiscal conditions. The document also customarily includes a report on the finances of the previous and present fiscal periods. For example, the U.S. budget for 1960 shows actual data for fiscal year 1958, estimated data for fiscal year 1959, and estimated income and expenditures for the budget year, 1960.

The budget process can be defined as the ac-

tivities in the preparation, legislation, execution, and control of the budget.

Types of Budgets

Object classification budget. Many years ago budgets were almost exclusively based on an object classification. This type of budget listed in varying detail the positions to be filled and the specific items of supplies and equipment to be purchased. Sometimes there would be one appropriation for personal services and another for the other object costs of a given organization. Table 1 is a sample of this type of summary budget schedule. In addition to the data shown, these budgets were supported by detailed lists of positions to be filled.

Organizational budget classification. Because of the large numbers of appropriations which can be involved in support of a given department or organization, the appropriations are placed together in the budget and sum-

Table 1. Summary schedule of obligations by objects

<i>Object classification</i>	<i>19-5 actual</i>	<i>19-6 estimate</i>	<i>19-7 estimate</i>
Total number of permanent positions.....	58	60	61
Full-time equivalent of other positions.....			4
Average number of all employees.....	54	50	48
Number of employees at end of year.....	50	49	50
Average salaries and grades:			
Average salary.....	\$6, 140	\$6, 540	\$6, 620
Average grade.....	GS-8. 4	GS-8. 5	GS-8. 5
01 Personal services:			
Permanent positions.....	\$321, 520	\$311, 900	\$310, 500
Regular pay above 52-week basis.....	1, 318	1, 200
Total personal services.....	322, 838	313, 100	310, 500
02 Travel.....	61, 890	54, 200	52, 800
04 Communication services.....	11, 871	12, 000	12, 000
05 Rents and utility services.....	29, 148	30, 000	30, 000
06 Printing and reproduction.....	416	600	500
08 Supplies and materials.....	242, 379	253, 000	282, 300
09 Equipment.....	5, 718	53, 000	10, 300
Total obligations.....	674, 260	715, 900	698, 400

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Table 2. Summary schedule of program and financing

	19-5 <i>actual</i>	19-6 <i>estimate</i>	19-7 <i>estimate</i>
Program by activities:			
1. Experimental processing.....	\$377, 561	\$392, 939	\$372, 500
2. Research.....	199, 224	232, 064	241, 200
3. Administration.....	106, 285	100, 897	94, 700
4. Reimbursements from other agencies.....	-8, 810	-10, 000	-10, 000
	674, 260	715, 900	698, 400
Financing:			
Unobligated balance no longer available.....	740
	675, 000	715, 900	698, 400
	675, 000	715, 900	698, 400

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marized to obtain a total cost for operating the department or organization. A summary of these appropriations provides an organizational budget classification.

Performance or program budget. Today much emphasis is placed on what is described as a performance, or program, budget, in contrast to budgets based solely either on objects of expenditure or organizational units. The performance, or program, budget as defined by the Hoover Commission is a "budget based on function, activities, and projects . . . which would focus attention on the general character and relative importance of the work to be done, or upon the service to be rendered, rather than on the things to be acquired, such as personal services, supplies, equipment, and so on. . . . The all-important thing in budgeting is the work or the service to be accomplished and what the work or service will cost." Table 2 is a sample of the summary program and financing schedule. This schedule is still supported by the object class distribution listed in table 1.

Cost-type budget. Cost-type budgets are based on data geared to accrual accounting. Accrual accounting, which is generally used in private businesses, bases its costs on actual consumption of goods and services rather than on obligations. Table 3 converts table 2 into a cost-type budget. This is done by merely accruing inventories of goods and services carried

over from year to year. In table 3, in the column headed 19-6, obligations of \$715,900 are adjusted to a cost of \$678,519 because \$37,381 worth of supplies and equipment purchased out of 19-6 monies were not used. In column 19-7, obligations of \$698,400 are converted to costs of \$711,300 resulting from greater use of supplies and equipment in 19-7 than were purchased in 19-6. (Public Law 863, enacted August 1, 1956, provides that Government appropriation requests shall be developed from cost-based budgets in such manner and at such time as may be determined by the President.)

Historical Background

In order to understand reasons for current budget processes, it is necessary to review the conditions and situation which led to budget reform in the United States.

From the establishment of the U.S. Government in 1776 to as late as 1921, "no provision existed . . . for preparation by an agency of a single, consolidated statement of prospective revenues and of the estimated expenditure needs of Government—so prepared as to reveal the relations between the two and to furnish an intelligent guide to Congress of the policies that should be adopted by it in respect to increase or decrease of taxation, the incurring or eliminating of debt and the voting of funds for the conduct of the U.S. Government" (3).

Estimates were prepared by the various departments and submitted to the Treasurer of the United States. The Treasurer, in turn, passed them on to the Congress without review as to need, duplication of services, or available revenue. The President had little or no function in the budget process.

"In the House of Representatives, the estimates were reviewed by eight distinct committees, each acting independently of the others, and no one having overall responsibility for relating expenditures to available resources and prospective income" (3). Sometimes different committees reviewed separate portions of a department's estimates with the result that the de-

partment could shop the "easier" committee for appropriations.

The system for handling finance measures in the Senate repeated all the mistakes in the House and added a few more.

"In addition, conference committees, reconciling appropriations bills between the versions approved by the two legislative bodies, violated their own rules of procedures by changing items beyond the areas of disagreement" (3).

Similar chaos existed in most State, county, and municipal governments up to the early 1900's.

This system of fiscal anarchy was tolerated in the Federal Government because of its rel-

Table 3. Summary schedule of program and financing adjusted for accrual

	<i>19-4 actual</i>	<i>19-5 actual</i>	<i>19-6 estimate</i>	<i>19-7 estimate</i>
Program by activities:				
1. Experimental processing.....		\$369, 225	\$370, 510	\$380, 200
2. Research.....		194, 222	218, 607	245, 900
3. Administration.....		105, 729	99, 402	95, 200
4. Reimbursements from other agencies...		-8, 810	-10, 000	-10, 000
Total costs.....		660, 366	678, 519	711, 300
Relation of costs to obligations:				
Increase of costs of selected resources available for future application to activity costs (see below).....		13, 894	37, 381	-12, 900
Total obligations.....		674, 260	715, 900	698, 400
Unobligated balances no longer available..		740		
Appropriations.....		675, 000	715, 900	698, 400
Selected resources at June 30:				
Supplies and materials.....	\$8, 804	3, 225	5, 000	-1, 000
Prepaid expense.....	2, 263	1, 847	1, 200	800
Equipment.....	3, 727	17, 342	50, 000	60, 000
Accrued depreciation.....	-704	-2, 606	-4, 000	-9, 000
Unliquidated obligations.....	835	9, 011	14, 000	2, 500
Total selected resources.....	14, 925	28, 819	66, 200	53, 300
Increase or decrease.....		13, 894	37, 381	-12, 900

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ative prosperity and the fact that Federal taxes were almost entirely indirect and scarcely felt by the individual taxpayer.

The rapid development in the scope and amount of governmental expenditures, with an increasing burden of taxation on individuals, focused popular attention on the problem of obtaining more efficient administration of governmental units and led to the adoption of modern budget procedures by the Federal, State, and local governments.

Budget Reforms

In 1921 passage of the Budget and Accounting Act led to a reorganization of Federal financial operations.

The most important change brought about by this act was to place upon the President direct and complete responsibility for preparing and submitting to the legislature, at the beginning of its regular session, a budget which would represent his administration's work and financial programs and his recommendation for financing them. It also prohibited any other employee of the executive department from submitting any other budget recommendations unless requested to do so by a member of Congress. By implication, this also prohibited any executive department employee from submitting any general legislative recommendations which could lead to the need for new funds. The act also provided the President with staff to assist him in handling the financial management of the government. This organization is called the Bureau of the Budget. (Originally established in the Treasury Department, it was transferred to the Executive Office of the President in 1939.)

The 1921 act also authorized an audit staff, under control of and reporting to the legislature. This staff, called the General Accounting Office, reviews the execution of the administration's work and financial programs. Executive department officials, seeking clarification of legislative intent in connection with ambiguous legislative language, may obtain legal opinions from the General Accounting Office to avoid error or criticism.

Concurrently with the passage of the Budget and Accounting Act, both the House of Repre-

sentatives and the Senate amended their rules of procedure to require clearance of all appropriation requests through a single committee on appropriations in each House. In addition, they agreed that the committee on appropriations shall not have power to report bills containing general legislation and that a separate committee would handle all revenue bills.

Subsequent amendments to the Budget and Accounting Act of 1921 have tended to increase the authority of the Bureau of the Budget and the President over governmental fiscal operations.

This general pattern of reform adopted by the United States has been adopted also by many State and local governments.

The Budget Process

The Federal budget process is necessarily continuous. With regard to annual appropriations, the process requires constant review of the current year's program and review and cleanup of previous years' activities. Concurrently with these reviews, plans must be made for 1 or 2 years in the future. For example, agencies are operating under fiscal year 1960 funds, liquidating obligated balances of prior years, preparing 1961 estimates for processing through the Bureau of the Budget and the Congress, and developing plans for the 1962 preliminary estimates.

Omitting the overlapping in the various budgets, a typical budget calendar is outlined on p. 788 and the cycle for a single annual budget is reviewed below. If the preliminary estimates were excluded and the names of participating organizations and possibly the time intervals were changed, the calendar would have many similarities to State and local budgetary calendars and processes.

Preliminary Estimates

Each spring, the Bureau of the Budget makes a fresh review of the budget outlook for the Government as a whole. This review is used as a basis for determining policies to be recommended to the President for use by the agencies in the preparation of their formal budgets. To assist in this review each large agency develops a preliminary estimate, which is a broad pro-

Calendar for 1960 Budget Estimates, Bureau of Medical Services, Public Health Service

(Annual Appropriation)

Preliminary Budget Estimates

January 1958

Bureau issues call for 1960 preliminary estimates from divisions. Large divisions request data from field installations.

April 1958

Divisions summarize, review, adjust, and recommend their estimates to Bureau. Bureau summarizes and reviews estimates, and passes on approved Bureau estimates to Surgeon General.

May 1958

Surgeon General summarizes and reviews all Public Health Service estimates, and passes on approved Public Health Service estimates to the Secretary of the Department of Health, Education, and Welfare.

May 1958

Department compiles and reviews all constituent estimates and submits them to Bureau of the Budget.

June 1958

Budget Bureau summarizes all Government estimates, reviews programs, compares costs with estimates of income, and recommends budget policies to President. President approves governmental budget policies and level of operations.

July 1958

Department and Budget Bureau negotiate authorized budget allowance. Sum of all departmental estimates cannot exceed agreed-upon total. Department allocates budget authorization among constituents. Public Health Service, as a constituent, subdivides its allocation among its bureaus and divisions.

Formal Budget Estimate

September 1958

Department submits formal budget estimate to Bureau of the Budget.

November 1958

Budget Bureau "marks-up" formal budget submission and consolidates estimates in the Budget of the United States Government.

November 1958

Divisions prepare congressional budgets based on "marked-up" budget to be published in the Budget of the United States Government for fiscal year ending June 30, 1960.

Legislation

January 1959

President gives budget message to Congress.

gram document outlining the agency's current and future operating and financing programs.

In developing the call for preliminary budget estimates, each echelon of Government outlines its basic policies and assumptions within the framework allowed by higher echelons. For example, a department may list its basic policies and assumptions for the preparation of department estimates. Within this framework, bureaus and divisions may add criteria which do not conflict with the criteria of the higher echelons.

To justify budgetary estimates more fully, many Government agencies obtain participation in formulating the preliminary estimates at the lowest organizational level at which this is feasible.

The call for estimates requires each supervisory level to review existing programs and make decisions on whether or not program emphasis should be modified, based on changes arising from conditions, resources, or accomplishments.

Each supervisory level summarizes and re-

Calendar for 1960 Budget Estimates—Continued

February 1959

House subcommittee on appropriations holds hearings on estimates. Witnesses from divisions, bureaus, Service, and Department defend them.

March 1959

House Appropriations Committee reports out recommendations. House acts on recommendations.

April 1959

Senate subcommittee on appropriations holds hearings.

May 1959

Senate Appropriations Committee reports out bill. Senate passes bill.

June 1959

Conference committee from both Houses irons out differences, if any. President signs bill, enacting bill into law.

Apportionment

June 1959

Divisions request Budget Bureau apportionment of funds appropriated.

Allotment

June 1959

Divisions notify field stations of annual allocation and issue allotments of first quarter funds, in accordance with approved apportionments.

September 1959

Divisions issue second quarter allotments.

December 1959

Divisions issue third quarter allotments.

March 1960

Divisions issue fourth quarter allotments.

Reporting

Monthly, fiscal year 1960

(July 1959–June 1960)

Each echelon reviews monthly reports on obligations and expenditures. Compares with allotments and apportionments.

Cleanup of Funds Not Available for Obligation

July 1960–June 1962

Public Health Service closes out fiscal year 1960 accounts.

views the estimates of its subordinate levels. This review (*a*) checks compliance with policies, (*b*) eliminates duplication, (*c*) adjusts the various estimates for balance within that program level, and (*d*) recommends estimates to the next higher echelon. In this way, estimates are built like a pyramid for a division, a bureau, a department, and finally the U.S. Government.

Most Federal budget appropriation requests are submitted to the Bureau of the Budget and the Congress only for activities for which basic legislation exists. (Basic legislation is law authorizing the Government to do something new or extending existing authorization to continue something already being done.) This practice, based on precedent established by the President in 1921, serves two purposes; (*a*) it avoids placing pressure on the executive department to request appropriation of funds for activities, no matter how desirable, not yet approved by the Congress, and (*b*) it avoids

legislation subject to easy defeat by a “point of order.” Basic legislative items appended to an appropriation bill in violation of existing congressional rules may be eliminated by any member of Congress, during the course of debate on the bill, simply by raising a “point of order.”

The Bureau of the Budget consolidates the preliminary estimates of the large agencies and adds an informal estimate for the smaller ones to determine total governmental fiscal requirements for proposed agency programs. These requirements are compared with estimates of revenue to provide the budget outlook for the Government as a whole.

The Director of the Budget Bureau meets with the agency heads individually to discuss the agency’s budget in relation to the overall fiscal outlook. In these meetings the agency head reviews his organization’s operations and summarizes the need for his proposed programs.

After carefully weighing overall budget objectives against the policies' effect on the programs and responsibilities of each of the larger agencies, the Director of the Budget Bureau recommends to the President the policies to be followed in the preparation of the formal budget. Proposed budget policies and their impact on agency programs are discussed by the President with members of his cabinet.

The President determines the policies to be followed by the agencies and the overall budget objectives of the Federal Government. The objectives may be, for example, a balanced budget, emphasis on national security, and increased international aid. On the basis of these policies and objectives, the President determines the level of governmental expenditures desired. If expenditures are planned to exceed revenues, the President proposes additional taxes or an increase in the Federal debt to finance the excess. If revenues are expected to exceed expenditures, the surplus may be applied to reduce the Government debt.

The President's determination on governmental expenditures is made available to the agencies in the form of a budget allowance, which sets the maximum amount that the agency may request in its formal budget for the fiscal year under consideration. The budget allowances are then allocated by the agency to its bureaus and divisions.

As stated previously, the President is responsible for submitting a budget for his work and financial programs. He is not required to recommend appropriations to the full extent of basic authorizations. He may recommend a lesser amount or no funds at all.

In the evolving budget formulation process, the preliminary estimate appears to be assuming more and more importance in determining the programs to be supported. All governmental budget estimates are highly competitive. They are alternate bids for use of a scarce item: the tax dollar. In the competition for use of this item, a budget proposal generally must be approved in the preliminary process if it is to be included in the formal estimate.

Formal Budget

The budget allowances by the Budget Bureau generally require reductions in program plans

proposed in preliminary estimates. When the reasons for the reductions are given or the items to be eliminated are identified, the agency will generally give serious consideration to the Budget Bureau's suggestions. To include items not favored by the Budget Bureau in the formal estimate is to risk having the item eliminated again in the Budget Bureau's review of this estimate and thus lose authorization which might have been allowed for another desirable purpose.

When the bases for the reductions are not identified, the person responsible for the appropriation programs will determine where cuts are to be made. Although the basic budget data for an appropriation may have been developed with full participation of field staffs, the pressure of time in the processing of the formal and congressional estimates may preclude their further participation.

The departments are generally informed of their budget allowances in July, and they are required to submit their formal budgets no later than September 30. These formal estimates must be prepared in accordance with the allowance limitation and the procedures set forth by the Budget Bureau (4). They list in detail how the requested funds will be spent.

In order to point up important requirements that cannot be accommodated within an appropriation allowance, a supplementary, or "B," budget is sometimes submitted with the formal estimate. The "B" budget is evaluated by the Budget Bureau with the formal estimate, and if the Bureau considers it important enough, it will include funds for the item in the appropriation request.

In October or November the Bureau of the Budget holds hearings on the formal estimates. These afford the Bureau another review of an agency's programs some 5 months after submission of the preliminary estimates. At this time the Bureau may make further adjustments in an agency's budget based on current conditions. Budget Bureau examiners question agency officials, and they may ask them for additional evidence to support their estimates or to revise them. The Director of the Budget Bureau and the agency head endeavor to reach substantial agreement, but the secretary of a

Selected Budgetary Terms

appropriation, a statutory authorization to a government agency to incur obligations (obligate) for not more than a stated sum of money, for specified purposes, often within a stated period of time. Several of the more important types are defined below.

annual appropriation, an authorization available for incurring obligations for 1 year only. Most common type in the Federal Government.

multiple-year appropriation, an authorization for incurring obligations for a definite period of time, but in excess of 1 year. Used for seasonal programs or for nonrecurring programs that do not fit into a fiscal year pattern.

no-year appropriation, an authorization available for obligation until the purpose of the appropriation has been accomplished. Used for such work as construction projects, certain research and development programs, and long-lead procurement programs.

appropriation limitations to accomplish specific objectives may be imposed by the legislature; for example, a limit on the amounts which can be spent for specific purposes or a requirement that a minimum amount be spent for a certain purpose. An appropriation on a lump-sum basis for several pro-

grams gives the agency some discretion in varying the use of the funds among programs, but an appropriation specifying the amounts for each program has the effect of imposing a separate limitation on each item very similar to separate appropriations.

apportionment, distribution of an appropriation into amounts available for specified time periods, activities, functions, projects, objects, or combinations of these. Amounts so apportioned limit obligations to be incurred. Generally, apportionments are used to limit obligations for specific time intervals, usually quarters, over the appropriation period in order to prevent organizations from running out of obligational authority before the end of the fiscal period and thereby incurring a deficiency.

allotment, an authorization by head of the agency or his designee to incur obligations within a specified amount pursuant to an appropriation and apportionment. It is a method of subdividing apportioned funds.

obligation results when goods and services are ordered. When they are received, the obligation becomes a legal liability to pay for their purchase.

encumbrance or **commitment**, the current reservation of funds for a specific future payment.

department may appeal differences on significant items to the President. Subsequently, determinations by the Director of the Budget Bureau and the President are communicated to the agency.

In December, approved budget estimates for all the agencies are brought together and made part of the President's budget document. This is delivered to the Congress together with the annual budget message during the first 15 days of the session beginning in January.

All budget estimates are administratively confidential until released by the President in his budget message to the Congress.

Other Estimates

Amended, supplemental, or deficiency estimates may be submitted to the Congress with the approval of the President (a) to finance programs resulting from enactment of new leg-

islation, after the regular budget has been submitted to the Congress or (b) to meet emergencies or conditions under existing legislation not anticipated when the original budget was prepared.

Legislation

Constitutionally, the House of Representatives originates all revenue-raising bills. The House has uniformly held that the section of the Constitution authorizing it to originate revenue bills (art. 1, sec. 3) was intended to cover appropriation bills as well. Although the Senate has at times questioned this claim, it has generally abided by it.

All appropriation requests are submitted to the House Committee on Appropriations (except that after passage of the appropriation bill by the House certain urgent items may be submitted directly to the Senate Committee

on Appropriations). A single subcommittee of the House group considers appropriation bills for one or more agencies. The subcommittee studies the material in the budget, consults with its staff employees, and holds hearings at which the agency head and other key officials are asked to appear. Members of the subcommittee may question them on any point relating to the proposed budget in order to assure themselves that any money appropriated will be spent for approved purposes.

In appearing before congressional committees, agency witnesses are required to defend the President's budget. This requirement is implied, as pointed out above, from the section in the Budget and Accounting Act of 1921 which directs the President to submit a budget of his work and financial programs and prohibits any other employee of the executive department from submitting any other recommendation unless requested to do so by a member of Congress.

Only when specifically requested by a member of Congress may the agency witness offer an opinion or estimate which would be critical of the budget document.

The subcommittee makes its recommendation to the full committee on appropriations. The full committee's recommendation is introduced into the House, accompanied by a printed report that summarizes the programs to be financed and the comments of the committee with respect to them. After debate, the House approves the bill and passes it on to the Senate.

Senate consideration follows substantially the same pattern, and ultimately the appropriation bills are passed by this body.

Differences between the House and Senate versions of appropriation bills are negotiated by "conferees" appointed by each House. Conferees are authorized only to act on differences. They may not consider items not in dispute, but within the range of differences, they have complete freedom to negotiate. Conference recommendations are subject to approval by each House.

When a bill is agreed upon by both Houses of Congress, it is submitted to the President. When he signs it, the appropriation bill acquires the status of a law.

Execution and Control

Enactment of an appropriation bill does not automatically make funds available for use. The funds must first be apportioned by the Budget Bureau. As explained in the glossary on p. 791, apportionment is a method of approving the use of appropriated money generally on a time-interval basis, usually quarterly, to avoid deficiency appropriations. The Budget Bureau also uses the apportionment process to review again the budget program, in light of current conditions, before it is put into operation.

The Budget Bureau has the authority to withhold funds and place them in reserve "to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations or other developments subsequent to the date on which such appropriation was made available" (5).

In the absence of any specific information to the contrary, funds apportioned and unused in one quarter are automatically available in the succeeding quarters within the budget period. In an annual appropriation, apportioned and unused funds cannot be carried over to another fiscal year without legislative approval.

After funds are apportioned, they are allotted by the head of the agency, or his designee, to the person responsible for the operating program. This individual may reallocate or suballot these funds to lower program levels.

Each allottee is liable to remain within the limits set by the allotter. Every violation, technical or otherwise, must be reported to the President through the Budget Bureau and to the Congress. These reports outline the circumstances of the violation and the action taken against the allottee, if it was due to his negligence. They also review the adequacy of the system of control to prevent recurrence of a deficiency.

In order to obtain maximum efficiency in the use of budgeted resources, provision must be made for continuous statistical and financial evaluation of programs. Data obtained should be used to inform management, at all levels, of changing patterns of program operations. They provide a basis for program evaluation of

past activities in comparison with the budget and for forecasts of future workloads or fund needs. Each echelon performs its own evaluation on its level and scope of the program.

Periodic financial reports (generally monthly) on the status of allotments or suballotments are an important part of this evaluation. They are submitted from each accounting level to the program chief. Generally, only appropriation reports are submitted to the Budget Bureau, but the Bureau may request such data as it deems necessary (6).

In order to permit operating evaluations in relation to the budget, expenditure accounts should be kept on a functional (program) classification basis consistent with the budgetary classification, or they should be capable of being summarized on such a basis without analysis or adjustment.

The process of review is continuous until the period for which the appropriation is available for obligation expires. At that time unobligated balances are no longer available for use and they are withdrawn.

Sometimes the periodic evaluations show a need to shift funds, within one program activity, from one geographical area to another. This kind of shift is ordinarily within the authority of the program chief. However, an indication of a need for shifts between activities may present complications.

If funds have been appropriated on an individual-activity basis within a budget, no changes between activities are possible without legislative approval. When the appropriation is for a lump sum of money covering several activities, program chiefs may obtain minor adjustments among the activities from higher authority as designated by the head of the department without further clearance. Significant shifts of funds between activities will ordinarily be cleared, prior to the shift, with the Bureau of the Budget and even the chairmen of the congressional subcommittees which normally review the program's budget esti-

mates. This clearance is made to avoid, in subsequent budget hearings, any question as to the agency's good faith in submitting budget estimates.

Since an appropriation limits the funds to be used, some balance must be retained and lapsed to protect the appropriation from a deficiency. Unrecorded obligations must be charged against appropriations for the year in which obligations were incurred. This may occur at any time up to 2 years after the close of the budget year before obligated balances of funds are merged and lose their time-period identification.

Conclusion

The budget can be a source of frustration to a program person who sees a need for spending more money than is available. The needs are as many and as varied as the programs sponsored by governmental units. The pressures for greater expenditures, however, are offset by the pressures of the people for limiting or reducing taxation. In a democratic society, the balance of governmental wants and satisfactions are adjusted slowly as the people express their wishes through their elected representatives.

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Signs

and

Symptoms

of trends in public health

The annual report of the New York State Bar Association's public health committee recommends passage of a law enabling drug addicts to receive certain narcotics from public health clinics or registered physicians as a means of breaking criminal drug traffic. Heroin would remain outlawed.

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A \$7 million 640-unit housing facility for elderly persons is to be constructed with FHA financing in a Las Vegas, Nev., suburb by Senior Citizens Retreat, Inc., an organization sponsored by officers and members of Painters Local 159.

Plans for the 80-acre plot include a 6-story structure of 100 units surrounded by 1- and 2-story facilities of 20-units each. Dining rooms (public and private), lounges, a swimming pool, 9-hole golf course, shuffleboard, bowling, a hobby shop, library, and chapel are a part of the blueprints.

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The National Library of Medicine has copied the files of *Public Health Reports*, from 1878 to the present, on microfilm.

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About 2,000 persons under 21 years of age are "de-labeled" annually of an erroneously diagnosed heart condition by New York City's six cardiac consultation clinics, Dr. Harold Jacobziner, director of maternal and child health services, reports. He added that many remain trapped in the belief of a physical disability because of a physician's earlier misdiagnosis of an innocent heart murmur.

Of 30,252 cancer patients cataloged by the Tumor Registry of the Connecticut Department of Public Health, 10,556 people have lived 5 years or more with their cancer in check, 4,356 for 10 years or more, and 1,672 for 15 years or more.

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A department of virology has been established on the Berkeley campus of the University of California. It is one of the first departments in any university of the world to be dedicated to the study of viruses. Biologists, chemists, and physicists will receive intensive specialized instruction in the biochemical, biological, and biophysical aspects of virology.

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Regulations on drug handling in licensed nursing homes were circularized to all Indiana pharmacists and wholesale druggists by the State's division of foods and drugs. Pharmacists and wholesalers requested the service.

One requirement of the regulations is a legitimate prescription bearing the patient's name. A program of inspection and licensing of nursing homes in the State is being carried out by an especially trained field staff.

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Pennsylvania's secretary of health, Dr. Charles L. Wilbar, Jr., has ordered Glyco Chemical Corporation of Williamsport to stop discharge of cyanide wastes from its plant into a tributary of the Susquehanna River. Dr. Wilbar's action was ratified by the Sanitary Water Board of the State.

Scientific writers will find guidelines for pamphlet preparation in "Pamphlets, How to Write and Print Them," by Alexander L. Crosby, published by the National Publicity Council for Health and Welfare Services, Inc., 257 Fourth Avenue, New York 10, N.Y.

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A new city health code was enacted in March 1959 by the New York City Board of Health. It will become effective October 1.

The code, the result of work in progress for 3½ years, is divided into five titles: general powers of the department of health; communicable disease control; maternal, infant, child, and school health; environmental sanitation; and records and vital statistics.

Deleted are obsolete provisions such as the requirement that barber-shops, hair dressing and beauty parlors provide cuspidors, and the responsibility of the department to mark the location of dead horses on city streets by placing lighted lamps at their heads at twilight.

Added responsibilities under the new code are control over radioactive materials and X-ray machines, chemical food additives, medical laboratories, and day care centers for children.

Dr. Leona Baumgartner, the city commissioner of health, commented: "The old code was bacteriologically oriented. We realize now more than we did 45 years ago that our environment is more than bacteria. The new one continues the safeguards and broadens the scope to protect us against other hazards."

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One-half of the accidents which put farm residents in the hospital occur in farmyards with children the most frequent victims, it was found by the accident prevention program of the Saskatchewan Department of Public Health, Canada. This finding launched a "safe play areas for farm children" project. Farmers are being supplied with do-it-yourself blueprints of simple and safe play equipment which they can make during winter months.